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S E C R E T SECTION 01 OF 03 TEGUCIGALPA 002576

SIPDIS

STATE FOR PM/RSAT, PM/DDTC, EAP/TC, AND EB/TRA  
STATE FOR WHA/PPC, WHA/BSC, WHA/CAR, AND WHA/CEN

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SUBJECT: HONDURAS SENT C-130 ENGINES ABROAD FOR  
MAINTENANCE; SOURCES SAY F-5 AND OTHER ENGINES SENT TO CHILE

REF: HOT WASHINGTON DC//USDAO TEGUCIGALPA HO 061415Z

OCT 05

Classified By: Ambassador Charles A. Ford;  
Reasons 1.4 (B) and (D).

1. (U) This is an action request. Please see paragraph 8.

2. (S) Post has received confirmation from the Honduran Air Force that Honduras has shipped at least three C-130 engines to an unnamed facility and country for repair/maintenance without prior Department of State approval. Although in and of itself this appears to Post to be a violation of the Foreign Assistance Act of 1961, Section 505, the Arms Export Control Act, and bilateral Letters of Agreement governing the program, Post has reason to believe that this may not be the first or only offense of this nature by the Minister of Defense Federico Breve and the Maduro Administration. Indications are that the C-130 engines, as well as engines for F-5s and other aircraft, were sent to Chile for maintenance by a private company. It is not clear how the Government of Honduras (GOH) is paying for this work, if the Government of Chile (GOC) knows this work is occurring, and who, if anyone, may be benefiting on the side from such a deal. Investigations initiated by Post have produced a great deal of circumstantial evidence and verbal hearsay, but little in the way of concrete evidence and proof.

3. (S) In September, Taiwan requested USG permission for a third party transfer to repair F-5 engines and other F-5 non-lethal systems for Honduras. At the same time, the Taiwanese told DAO that Chile was repairing three F-5 engines from Honduras. (Note: DAO drafted a cable that they attempted to send on October 6 reporting this information, but due to technical glitches it appears that the IIR was not fully disseminated. DAO rectified that situation with DIA and the cable was re-disseminated December 21 with DTG of October 6 - see reftel. End Note.) In late October, MILGP was given a copy of an unsigned letter drafted for the signature of the Honduran Air Force Commander and Chief of Logistics stating that in March 2005, 16 engines and four turbines were sent to Chile for repair. The engines sent were supposedly:

- six J85-21B engines (F-5)
- four J85-17A engines (A-37)
- two T53-L13B engines (UH1-H - helicopter)
- four T-56A9D engines and four turbines for these motors (C-130)

One rumor is that the engines were shipped via Jamaica, to avoid detection in Miami. Post has neither independent verification of this nor concrete evidence that, in fact, all these engines were sent to Chile for maintenance.

4. (S) MILGP Commander raised the general question of foreign maintenance of aircraft engines with MOD Breve in November, and MOD Breve stated that Honduras had used foreign maintenance in years past with no adverse consequences. He acknowledged that there were C-130 engines in Chile, but claimed there were no F-5 engines there. (Note: DAO, MILGP, and POL searched but could not find any reporting/documentation about past possible shipments of C-130 engines abroad for foreign maintenance, which would have taken place prior to the beginning of the tours of current EmbOffs in these three sections/agencies. POL's subject files from 2002 and previous years have been retired. End Note.) MILGP received a letter dated November 29 signed by the Honduran Air Force Commander and Chief of Logistics stating that three T-56A9D C-130 engines would be returning (from an unstated location) to Honduras in December. MILGP does not believe the three C-130 engines have returned to Honduras yet.

5. (SBU) MILGP requested guidance on this issue from DOD/Defense Institute of Security Assistance Management (DISAM), DOD/Defense Security Cooperation Agency (DSCA), and the PolMil representative in WHA/PPC. DISAM informed MILGP (and PM/RSAT) that a transfer of any engines for maintenance is a violation because Department of State written authorization was not requested or obtained prior to the transfer. At MILGP's request, a DOD Golden Sentry inspection team is scheduled to arrive in March 2006 to investigate this

matter and other issues. In addition, POL has raised this overall issue with the PolMil representative in WHA/PPC.

16. (S) Since this issue occurred and continues under MOD Breve and the Maduro Administration (as well as current and past Honduran Armed Forces/Honduran Air Force leadership), Post believes the Maduro Administration, and not the incoming Zelaya Administration (to be inaugurated January 27, 2006), should be demarched to try to rectify this situation as soon as possible. (Note: The Honduran Air Force Commander changed from COL Manuel Caceres to COL Venancio Cervantes on August

19. Post has requested the revocation of COL Caceres nonimmigrant visa for unrelated wrongdoing. End Note.) Country Team feels that although the violations are serious and wrong, the USG response should take into account the full range of bilateral/regional interests. The GOH has been a strong U.S. ally: in the Global War on Terror, having sent troops to Iraq under Operation Iraqi Freedom, on regional security/stability issues, including the Global Peacekeeping Operations Initiative (GPOI), by hosting two Joint Chiefs of Staff training exercises, and on regional air and maritime counternarcotics operations. Given the impending inauguration of a new, non-culpable Zelaya Administration, regional stability concerns, and the possible involvement of the GOC, a close partner of the USG, Post believes that a strong, high-level demarche to the current administration (and possibly the GOC) demanding cooperation with our ongoing investigation, full disclosure, and prosecution of Honduran officials if any Honduran criminal wrongdoing is uncovered, would be sufficient at this time. In addition, in future discussions with the incoming Zelaya transition team, this matter would be briefed in full so that the new MOD leadership would understand the importance of these requirements.

17. (SBU) Post proposes delivering the following demarche by the DCM, MILGP commander, DATT, and PolMilOff to Minister of Defense Breve and perhaps the Joint Chief of the Honduran Military (CHOD) and Air Force Commander.

It has come to the attention of the United States Government (USG) that various aircraft engines of designation J85-21B, J85-17A, T53-L13B, and T-56A9D were transferred from Honduras to another government without prior consent of the USG. The Department of State has a statutory obligation under Section 3 of the U.S. Arms Export Control Act (AECA) to inform the U.S. Congress of any unauthorized re-transfer or re-export of military items that were sold under the Foreign Military Sales (FMS) program anywhere in the world.

The Foreign Assistance Act of 1961, Section 505; Arms Export Control Act, Section 3; and Letters of Agreement Terms and Conditions, specify foreign Governments may not transfer title to or POSSESSION of any defense articles or services to anyone not an officer, employee, or agent of that country until the country receives prior written consent from the USG. The word possession covers temporary transfers for third country contractor maintenance.

The United States values its close, strong relationship with Honduras. We expect your full cooperation in immediately providing specific information as to the types and quantities of engines that have been transferred for maintenance, when they were shipped out of Honduras, their destination, and your plans for immediately returning these engines to Honduras.

Prior to any further transfers of equipment, you must direct any requests to the Department of State via the U.S. Military Group. Transfers cannot proceed prior to receiving written authorization from the Department of State.

18. (S) Action request for:  
- Embassies Santiago and Kingston (DAO, MILGP, and POL): to investigate and track this issue. Post has information that suggests the work is being done by a private company in Chile named Chile Enaer, phone: (562) 383-2086 or fax: (562) 383-1855.  
- PM/RSAT: to provide guidance on suggested demarche. PM/RSAT and/or PM/DDTC may also wish to check (perhaps via CBP/Miami) for any record of transfer of C-130 engine(s) via Miami in 2001/2002, as allegedly occurred.

19. (SBU) Pending Department guidance, Post plans to deliver the above demarche on this issue as soon as possible and seek immediate action by the GOH to rectify the situation.  
Ford